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Third
ANNUAL
REPORT

1966

Manoir Industries Ltd.



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MANOIR INDUSTRIES LTD.

Head Office — Suite 2601, Stock Exchange Tower, 800 Victoria Square,
Montreal, Que.

OFFICERS

S. R. SABLER	President
S. L. HOLLANDER	Vice-President
M. SILVERBERG	Vice-President
J. J. KATES	Vice-President
D. L. SINCLAIR	Secretary-Treasurer

DIRECTORS

J. C. W. ARMSTRONG	Toronto, Ont.
L. M. BLOOMFIELD, Q.C.	Montreal, Que.
S. L. HOLLANDER	Montreal, Que.
J. J. KATES	Montreal, Que.
E. F. C. KINNEAR	Montreal, Que.
D. POWELL	Montreal, Que.
S. R. SABLER	Montreal, Que.
M. SILVERBERG	Montreal, Que.
D. L. SINCLAIR	Toronto, Ont.

REGISTRARS

CANADA PERMANENT TRUST COMPANY Montreal, Que.

TRANSFER AGENTS

CANADA PERMANENT TRUST COMPANY — Halifax, Montreal, Toronto and Winnipeg

AUDITORS

MIDDLETON HOPE & CO. Montreal, Que.

DIRECTOR'S REPORT AND REVIEW

TO THE SHAREHOLDERS

Manoir Industries Ltd.

We enclose herewith the Consolidated Statement of Income covering the operations of your Company for the fiscal year ended December 31, 1966 and the Consolidated Balance sheet at that date.

Also enclosed is a notice calling the Annual General Meeting of the Shareholders of the Company on April 28, 1967.

The results of this year's operations show a net profit of \$299,163. after income taxes, in comparison with the earnings of 1965 which were \$231,436. The profit for 1966 represents earnings of 34.1¢ per common share after allowing for preferred dividends paid during 1966 and reflects an increase of 34.8% over the year 1965. Sales expanded rapidly during 1966 and gross income reached a total of \$6,451,000. compared with \$4,448,000 in 1965.

Your Directors are pleased to report that all subsidiaries operated profitably during 1966 and that the increased volume of sales experienced in 1966 is continuing into 1967.

Aspera Frigo (Canada) Ltd., a new subsidiary, was incorporated during 1966. This subsidiary commenced operations during the year under review, however, as a full year's activities were not experienced, its results have not been consolidated in the attached statement. In keeping with company policy, it will, however, be consolidated as at December, 1967. This subsidiary's principal activity is the distribution in Canada of Aspera Frigo products which primarily are hermetic refrigeration compressors and these have already been well received in the Canadian market.

Late in 1966 your Directors authorized a plant expansion program at General Freezer Limited. This was in keeping with the substantial increase in demand that has developed during the past year. At this time, the expansion program is reaching completion and it is expected to be in operation late in April. The facilities will then total 75,000 sq. ft. on one floor and it is expected to be the most efficient in the industry in Canada.

The Company's working capital position improved during the year under review, having increased to \$876,000. In this regard the company was aided by having obtained a two and a half year loan which covers a substantial portion of the cost of the expansion program experienced during the year.

Your Directors wish to express their appreciation for the loyalty and efficient service rendered by the officers and employees of the Company during the year.

On behalf of the Board of Directors

S. R. SABLER
President

Montreal, Quebec
April 12, 1967

MANOIR IND(Incorporated as a public com
and its wholly owned**CONSOLIDATED BALANCE S****A S S E T S****CURRENT ASSETS**

Accounts receivable — less allowance for doubtful accounts	\$1,229,304
Inventories valued at the lower of cost or replacement cost	1,185,068
Prepaid expenses	21,179
Collateral bank deposit	102,500
Advances to subsidiaries	108,192
	<hr/>
	\$2,646,243

INVESTMENT IN UNCONSOLIDATED WHOLLY OWNED SUBSIDIARY (Note 3)

Shares in subsidiary, at cost	7,500
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FIXED ASSETS

Land, buildings, machinery and equipment, at cost less accumulated depreciation of \$217,222.	787,694
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OTHER ASSETS

Share issue expenses (Note 4)	6,687
Deferred charges	3,000
Organization expenses, at cost	8,867
	<hr/>
	18,554

GOODWILL

Good will of subsidiaries, at cost	92,500
Excess of cost of shares of subsidiaries over book value	223,247
	<hr/>

\$3,775,738

Signed on behalf of the Board :

S. ROBERT SABLER : Director

D. L. SINCLAIR : Director

AUDITORS' REPORT TO

Manoir Industries Ltd., Montreal, Quebec.

We have examined the consolidated balance sheet of Manoir Industries Ltd. as at December 31, 1967. Our examination included a general review of the accounting procedures and such tests of accounting records and other evidence as we considered necessary.

In our opinion the accompanying consolidated balance sheet and consolidated statements of income and results of its operations for the year ended on that date, in accordance with generally accepted accounting principles, present fairly the financial position of Manoir Industries Ltd. as at December 31, 1967, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles.

March 31, 1967

TRIES LTD.

y under the laws of Canada)
subsidiaries (Note 1)

EET - DECEMBER 31, 1966

LIABILITIES**CURRENT LIABILITIES**

Bank advances (secured)	\$1,004,330
Accounts payable and accrued liabilities	604,315
Income taxes payable	124,766
Principal instalments due within one year on long-term liabilities	37,000
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	\$1,770,411

ACCUMULATED TAX REDUCTIONS APPLICABLE

TO FUTURE YEARS (Note 6)	40,219
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LONG-TERM LIABILITIES

Loans, mortgages and debentures payable (Note 5)	482,699
Less amount included in current liabilities	37,000
	<hr/>
Total liabilities	445,699

SHAREHOLDERS' EQUITY**CAPITAL STOCK**

Authorized

50,000 6% cumulative preference shares, par value \$10.00 redeemable at \$10.50 per share
1,000,000 common shares without nominal or par value

ISSUED

45,650 preference shares (Note 7)	456,500
800,000 comon shares	672,320
	<hr/>

RETAINED EARNINGS

1,128,820
390,589
<hr/>

1,519,409

\$3,775,738

The accompanying notes are an integral part of this statement.

THE SHAREHOLDERS

1966 and the consolidated statements of income and retained earnings for the year ended on that date. Our supporting evidence as we considered necessary in the circumstances.

re and retained earnings present fairly the financial position of the company as at December 31, 1966 and the es applied on a basis consistent with that of the preceding year.

MIDDLETON HOPE & CO., Chartered Accountants

MANOIR INDUSTRIES LTD.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1966

Source of funds		
From operations		
Net income for year	\$299,163	
Add charges to income not involving the outlay of funds		
Depreciation	50,319	
Amortization	3,343	
Loss on disposal of fixed assets	446	
Tax reductions applicable to future years	40,219	\$ 393,490
Proceeds from sale of fixed assets		1,610
Increase in loans payable		200,000
Total source of funds		595,100
Application of funds		
Additions to fixed assets	305,310	
Payments on long-term debt	66,551	
Increase in deferred charges	3,000	
Adjustment of prior years income taxes	3,369	
Increase in investment of non-consolidated subsidiaries (net)	2,500	
Preference shares redeemed and cancelled	10,525	
Organization expenses	420	
Dividends paid on		
Preference shares	27,562	
Common shares	96,000	
Total application of funds		515,237
Increase in working capital		\$ 79,863
Working capital at December 31, 1965		\$ 795,969
Add increase		79,863
Working capital at December 31, 1966		\$875,832

MANOIR INDUSTRIES LTD.

and its wholly owned subsidiaries

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1966

(with comparative figures for 1965)

	December 31, 1966	December 31, 1965
Sales and commissions	\$6,450,829	\$4,448,267
Less cost of sales and operating expenses	5,732,191	3,872,654
Operating profit before under noted expenses	718,638	575,613
Amortization of share issue expenses	3,343	3,344
Depreciation on fixed assets	50,319	37,842
Directors' salaries and fees	107,240	112,072
Interest on long-term debt	20,142	24,117
Loss on disposal of fixed assets	446	(739)
	<hr/>	<hr/>
	181,490	176,636
Income before undernoted taxes	537,148	398,977
Taxes on income	237,985	167,541
Net income for year	<hr/> \$ 299,163	<hr/> \$ 231,436

MANOIR INDUSTRIES LTD.

and its wholly owned subsidiaries

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1966

	Amount set aside as capital surplus re preference share redemptions	Balance of Retained Earnings	Total
Balance at beginning of year	\$ 20,500	\$ 196,883	\$ 217,383
Net income for year		299,163	299,163
Excess of par value of preference shares redeemed over cost of redemption		975	975
	<hr/>	<hr/>	<hr/>
	20,500	497,021	517,521
Amount set aside as capital surplus re preference shares redeemed during the year	23,000	23,000	
Adjustment of prior years income taxes		3,369	3,369
Dividends paid		123,563	123,563
	<hr/>	<hr/>	<hr/>
	23,000	149,932	126,932
Balance at end of year	<hr/> \$ 43,500	<hr/> \$ 347,089	<hr/> \$ 390,589

MANOIR INDUSTRIES LTD.

December 31, 1966

NOTES TO CONSOLIDATED BALANCE SHEET

- 1) The consolidation includes the following wholly-owned subsidiaries of the company :

General Freezer Limited
Mouton Processors Limited
Maso Import Ltd.
Manoir Industries (Bahamas) Limited
Kates International Corporation Ltd.

- 2) The consolidation includes the operations of Kates International Corporation Ltd. for the fourteen months ended December 31, 1966.

- 3) The consolidation does not include the wholly-owned subsidiary, Aspera Frigo (Canada) Ltd. since it did not have a financial period coinciding with or ending during the year.

- 4) The share issue expenses are being amortized over a five year period. The amount written off during the year amounted to \$3,343. For corporation income tax purposes the total expenses of \$16,718. have been charged against the taxable income of the 1964 taxation year.

- 5) The long-term liabilities consist of the following amounts :

8½% loan payable	\$200,000
7% mortgage payable maturing in 1976, with monthly payments including capital and interest of \$1,503.	121,449
7½% serial debentures maturing in 1971, with annual capital payments of \$12,000.	60,000
6% mortgage payable maturing in 1973, with annual capital payments of \$15,000.	101,250
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	\$482,699

- 6) The current year's tax reduction of \$40,219. is the amount by which income taxes otherwise payable in respect of the year have been reduced by claiming for tax purposes capital cost allowances in excess of the depreciation recorded in the accounts. This difference is applicable to those future periods in which the amounts claimed for tax purposes will be less than the depreciation recorded in the accounts and is accordingly included in the balance sheet in the item "Accumulated Tax Reductions Applicable to Future Years."

- 7) During the year under review 2,300 preference shares were redeemed and cancelled.

- 8) Pursuant to an agreement dated February 28, 1964, the Company granted to W.C. Pitfield & Company, Limited an option to purchase 25,000 common shares in the capital of the Company at a price of \$2.75 per share if exercised on or before March 1, 1967 and at \$3.00 per share if exercised thereafter and on or before March 1, 1969, after which date the option expires. The option granted may be exercised during the prescribed period in whole at any time or in part from time to time.

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